

Before the
Federal Communications Commission
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of)
)
Nextel Communications, Inc.)
) WT Docket No. 97-82
Petition for Expedited Action To)
Modify the Auction Design for) DA 00-2259
Auction No. 35, the)
C and F Block Reauction)

To: The Wireless Telecommunications Bureau

COMMENTS OF AT&T WIRELESS SERVICES, INC.

AT&T Wireless Services, Inc. ("AT&T") hereby submits these comments in response to the above-captioned petition filed by Nextel Communications, Inc. ("Nextel").^{1/} Nextel offers no basis for adopting combinatorial bidding beyond unsupported -- and unsupportable -- speculation about the effects of recent transactions on its ability to participate in the upcoming C and F block auction. The petition presents no new evidence to upset the Bureau's prior determination not to adopt combinatorial bidding and appears to be little more than an untimely attempt by Nextel to disrupt the auction process. As many commenters, including Nextel itself, have noted, an auction involving many licenses is ill suited for combinatorial bidding. For these reasons, the petition should be denied.

I. RECENT SPECTRUM TRANSACTIONS AMONG EXISTING CARRIERS ARE IRRELEVANT TO AUCTION RULES

In support of its petition for combinatorial bidding, Nextel offers the wholly speculative argument that as a result of recent spectrum swaps involving AT&T, Sprint PCS, Cingular and

^{1/} Petition of Nextel Communications, Inc. for Expedited Action To Modify the Auction Design for Auction No. 35, the C and F Block Reauction (filed Nov. 6, 2000) ("Petition").

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VoiceStream, the auction process will somehow disadvantage Nextel unless combinatorial bidding is implemented.^{2/} Shorn of its dramatic rhetoric, Nextel appears to be arguing that because other carriers have entered into transactions that may reduce their need to purchase spectrum at auction, the auction rules should be changed so that Nextel can be sure of executing its business plan. Aside from the obviously self-serving nature of this argument, at bottom it rests on the notion that the auction process will not efficiently allocate the licenses. Nextel's conduct throughout this matter has made it clear that the only outcome it views as efficient is if it is handed the "bulk" of these licenses at something other than fair market value.^{3/} AT&T believes, rather, that the value of the auction process is that it promotes efficient allocation of licenses -- it forces carriers to bid only on licenses for which they believe they can receive a return.

Throughout this proceeding and in many other forums, wireless providers have emphasized their need for additional spectrum to serve existing customers, fill in coverage gaps, and roll out third generation services. That some carriers have found that exchanges of spectrum can help meet these needs does not, as Nextel suggests, evidence a conspiracy on the part of incumbents to thwart Nextel's entry.^{4/} Nor does it mean that existing carriers no longer need to participate in the C and F block reauction to fulfill their legitimate spectrum requirements.

^{2/} Petition at 2-3, 6-8, 11.

^{3/} See Petition of Nextel Communications, Inc. for Expedited Rulemaking or, in the Alternative, Waiver of the Commission's Rules in the Matter of Reauction of Certain C and F Block Broadband PCS Licenses, DA 00-191 (filed Jan. 31, 2000) (proposing bulk bidding for the C and F block reauction). Cf. Heather Forsgren Weaver, Carriers File Brief on NextWave Case, Comments on FCC DE Waiver, Radio Communications Report (Feb. 28, 2000) (scant support exists for Nextel's bulk bidding proposal, which would allow one company to bid on one "mega-license").

^{4/} See Petition at 3. In this regard, there is no basis for Nextel's bald assertion that carriers involved in recent spectrum exchanges may have used the swaps "to create mutual credible commitments to bid on licenses that would block new entrants." See Petition, Attachment A, Statement of Gregory L. Rosston at 6.

Nextel's unsubstantiated and unwarranted concerns about the behavior of other participants surely does not justify a complete redesign of the auction process at this late date and adoption of an untested combinatorial bidding mechanism. Indeed, given the short time before the auction begins and the amount and variety of licenses involved, attempting to implement such an approach would harm the interests of all bidders, except perhaps Nextel.

II. COMBINATORIAL BIDDING IS TOO COMPLEX AND IMPRACTICAL TO IMPLEMENT FOR THE C AND F BLOCK REAUCTION

The Commission previously asked for comment on whether it should implement combinatorial bidding for the C and F block reauction, noting that such a design would be “complex and perhaps impractical to implement.”^{5/} Many commenters agreed that a combinatorial bidding design would not work under these circumstances.^{6/} For example, SBC Communications, Inc. stated that the large number of licenses involved would make any attempt to implement a package or combinatorial bidding structure too complex.^{7/} Similarly, VoiceStream Wireless Corporation argued that implementation of combinatorial bidding would be impractical to implement, and that, if tried, it would frustrate the core objective of this proceeding -- namely the rapid deployment of dormant C and F block spectrum.^{8/}

Nextel itself has recognized that an initial test of combinatorial bidding should be made “during an auction with only a few licenses” so that the Commission may gain needed

^{5/} Amendment of the Commission's Rules Regarding Installment Payment Financing for Personal Communications (PCS) Licensees, Further Notice of Proposed Rulemaking, 15 FCC Rcd 9773, 9785, 9791 (2000).

^{6/} Amendment of the Commission's Rules Regarding Installment Payment Financing for Personal Communications Services (PCS) Licensees, Sixth Report and Order on Reconsideration, WT Docket 97-82, FCC 00-313, at ¶ 37 (released Aug. 29, 2000) (“Sixth Report and Order”).

^{7/} Comments of SBC Communications, Inc., WT Docket No. 97-82, at 10, n.13 (June 22, 2000).

^{8/} Reply Comments of VoiceStream Wireless Corp., WT Docket No. 97-82, at 2-3 (June 30, 2000).

experience in using this newly developed bidding technique.^{9/} Nextel argued that the 700 MHz auction scheduled for March 6, 2001 is particularly suited for the Commission's first use of combinatorial bidding "[b]ecause of the small number of licenses available."^{10/} Too many bidding packages, Nextel argued, would "add excessive complexity" to an auction.^{11/}

While noting that implementation of combinatorial bidding might be impractical, the Commission left the ultimate decision on what auction methodology to use in Auction No. 35 to the Wireless Telecommunications Bureau.^{12/} The Bureau proposed adopting a simultaneous multiple round methodology instead of a package bidding scheme, and after it received no comment on the issue, adopted that methodology.^{13/} Now, on the eve of the short form application deadline, Nextel asks the Bureau to reconsider its decision. Nextel offers no evidence that a combinatorial bidding methodology would be possible to implement in the short time frame before commencement of the auction or that such a tack would serve the public interest.

^{9/} Comments of Nextel Communications, Inc., DA 00-1075, at 4 (June 9, 2000).

^{10/} Id. at 1.

^{11/} Id. at 3.

^{12/} Sixth Report and Order at ¶ 35.

^{13/} Public Notice, C and F Block Broadband PCS Spectrum Auction Scheduled for December 12, 2000, Notice and Filing Requirements for 422 Licenses in the C and F Block Broadband PCS Spectrum Auction, Minimum Opening Bids, Upfront Payments and Other Procedural Issues For Final Auction Inventory, DA 00-2259, at 24 (released Oct. 5, 2000).

CONCLUSION

For the foregoing reasons, the Commission should reject Nextel's petition to implement combinatorial bidding for the upcoming C and F block reauction.

Respectfully submitted,

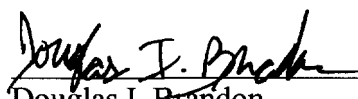
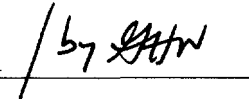
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CERTIFICATE OF SERVICE

I, Cathy Quarles, hereby certify that on this 15th day of November 2000, I caused copies of the foregoing "Comments of AT&T Wireless Services, Inc." to be served on the following via hand delivery or first class mail (*):

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